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~~INTELLIGENCE COMMERCIAL COMMISSION~~

LEASE OF EQUIPMENT

Between

TRUST COMPANY BANK,

as Trustee under a Trust Agreement
dated as of the date hereof
with FORD MOTOR CREDIT COMPANY

and

TRAILER TRAIN COMPANY

Dated as of January 1, 1975

LEASE OF EQUIPMENT dated as of January 1, 1975 (hereinafter called this Lease), between TRUST COMPANY BANK, acting as trustee under a Trust Agreement dated as of the date hereof (hereinafter called the Trust Agreement) with Ford Motor Credit Company, a Delaware corporation (said bank, so acting being hereinafter called the Lessor, and said corporation being hereinafter called the Beneficiary), and TRAILER TRAIN COMPANY (hereinafter called the Lessee).

WHEREAS the Lessee has entered or will enter into a manufacturing agreement (hereinafter, as amended to the date hereof, called the Manufacturing Agreement) with Pullman Incorporated (Pullman-Standard division) (such party being hereinafter called the Manufacturer), pursuant to which the Lessee has agreed to purchase and take delivery of certain units of railroad equipment;

WHEREAS, under an assignment and reassignment of said Manufacturing Agreement, the Lessee is assigning to the Lessor its rights under the Manufacturing Agreement to purchase and take delivery of those units of railroad equipment described in Schedule A hereto (such units of railroad equipment being hereinafter sometimes collectively called the Equipment or the Units and each such unit of Equipment being hereinafter called a Unit);

WHEREAS the Lessee agrees to lease from the Lessor all the Units, or such lesser number of Units, having an aggregate Purchase Price (as hereinafter defined) not exceeding \$9,230,000, as are delivered and accepted under the Manufacturing Agreements on or after the date this Lease is filed and recorded pursuant to § 15 hereof and on or prior to March 31, 1975, at the rentals and for the term and upon the conditions hereinafter provided; and

WHEREAS the Lessor will enter into an equipment trust agreement (hereinafter called the Equipment Trust Agreement) with Manufacturers Hanover Trust Company (hereinafter called the Trustee) pursuant to which equipment trust certificates (hereinafter called the Trust Certificates) will be sold to finance 64.25% of the purchase price of the Equipment, the Lessor will be obligated to make payments of principal and interest thereon out of the rentals

received hereunder and a security interest in the Units and this Lease will be conveyed to the Trustee;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions, but subject and subordinate to all the rights and remedies of the Trustee under the Equipment Trust Agreement.

§ 1. Delivery and Acceptance of Units. The Lessor will cause each Unit accepted pursuant to the Manufacturing Agreement within the time period set forth for delivery and acceptance in the preambles hereto to be delivered to the Lessee at the same point or points within the United States of America at which such Unit is delivered to the Lessor under the Manufacturing Agreement. Upon such delivery, the Lessee will cause an authorized representative of the Lessee to inspect the same, and if such Unit is found to be acceptable, to accept delivery of such Unit and to execute and deliver to the Lessor a certificate of acceptance therefor in the form of Annex D to the Manufacturing Agreement, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee under this Lease and shall be subject thereafter to all the terms and conditions of this Lease.

§ 2. Rentals. The Lessee agrees to pay to the Lessor, as rental for each Unit subject to this Lease 36 consecutive semiannual payments in arrears, payable on April 1 and October 1 in each year commencing October 1, 1975 (each such date being hereinafter called a "rental payment date"). Each rental payment shall be in an amount equal to 4.8087% of the Purchase Price (as defined in the applicable Manufacturing Agreement) of each Unit then subject to this Lease, subject to adjustment pursuant to the Participation Agreement (as defined in § 18), provided, however, that such rentals will at all times be sufficient to pay the interest on and the principal of the Trust Certificates (as defined in the Equipment Trust Agreement).

If any of the rental payment dates referred to above is not a business day the semiannual rental payment otherwise payable on such date shall be payable on the next succeeding business day, and no interest shall accrue for the period from and after the nominal date for payment thereof to such next succeeding business day. The

term "business days" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in Atlanta, Georgia, Chicago, Illinois, Detroit, Michigan or New York, New York, are authorized or obligated to remain closed.

The Lessor irrevocably instructs the Lessee to make all the payments provided for in this Lease at the principal corporate trust office of the Trustee, for the account of the Lessor, in care of the Trustee, with instructions to the Trustee first to apply such payments to satisfy the obligations of the Lessor under the Equipment Trust Agreement known to the Trustee to be due and payable (subject to the limitations of the last paragraph of Section 5.04 of the Equipment Trust Agreement) on the date such payments are due and payable hereunder and second, so long as no Event of Default under the Equipment Trust Agreement shall have occurred and be continuing, to pay any balance promptly to the Lessor or to the order of the Lessor in immediately available funds at such place as the Lessor shall specify in writing. The Lessee agrees to make each payment provided for herein as contemplated by this paragraph in immediately available funds in the city where such payment is to be made.

This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or set-off against rent, including, but not limited to, abatements, reductions or set-offs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Lessor under this Lease or otherwise or against the Trustee or any holder of Trust Certificates; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use of or destruction of all or any of the Units from whatsoever cause, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease or lack of right, power or authority of the Lessor to enter into this Lease or the Equipment Trust Agree-

ment, or by reason of any failure by the Lessor to perform any of its obligations herein contained, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the Lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

§ 3. Term of Lease. The term of this Lease as to each Unit shall begin on the date of the acceptance thereof by the Lessee pursuant to § 1 hereof and, subject to the provisions of §§ 6, 9 and 12 hereof, shall terminate on the date on which the final semiannual payment of rent in respect thereof is due hereunder. The obligations of the Lessee hereunder arising during the term of this Lease (including, but not limited to, the obligations under §§ 5, 6, 8 and 12 hereof) shall survive the expiration of the term of this Lease.

§ 4. Identification Marks. The Lessee will, at its own expense, cause each Unit to be kept numbered with the identifying number set forth in Schedule A hereto, or in the case of any Unit not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain plainly, distinctly, permanently and conspicuously marked on each side of such Unit, in letters not less than one inch in height, the following words: "OWNED BY A BANK OR TRUST COMPANY UNDER A SECURITY AGREEMENT FILED UNDER THE INTERSTATE COMMERCE ACT, SECTION 20c" with appropriate changes thereof and additions thereto as from time to time may be required by law or reasonably requested in order to protect the title of the Lessor and the security interest of the Trustee in such Unit and the rights of the Lessor under this Lease and the Equipment Trust Agreement and of the Trustee under the Equipment Trust Agreement.

The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and will replace promptly any such words which may be removed, defaced or destroyed. The Lessee will not change or permit to be changed the identifying number of any Unit unless and until (i) a statement of new numbers to be substituted therefor shall have been filed with the Trustee and the Lessor and filed, recorded and deposited by the Lessee in all public offices where this Lease and the Equipment Trust Agreement shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Trustee and the Lessor an opinion of counsel to the effect that such statement has been so filed, recorded and deposited and that such filing, recordation and deposit is sufficient to protect the title and interest of the Trustee and the Lessor in the Units covered by such statement.

Each Unit may be lettered "Trailer Train Company", "T.T.X.", or in some other appropriate manner for convenience of identification of the interests of the Lessor and the Lessee therein. Except as above provided, the Lessee will not allow the name of any person or entity to be placed on any of the Equipment as a designation which might be interpreted as a claim of ownership.

§ 5. Taxes. The rentals and other amounts otherwise required to be borne by the Lessee under this Lease are exclusive of, and the Lessee agrees to pay, all taxes, expenses, assessments, fees, charges, fines or penalties (hereinafter called "impositions") levied or imposed upon the Lessor, the Beneficiary, the Manufacturer or the Lessee by any governmental unit (domestic or foreign), or any agency or instrumentality thereof [other than (i) impositions on or measured by the net income of the Lessor, the Beneficiary or the Manufacturer or general corporation franchise (or like) taxes measured by the Lessor's, the Beneficiary's or the Manufacturer's capital, capital stock or net worth and (ii) impositions as a result of a voluntary transfer (including pursuant to § 12 of this Lease) or other voluntary disposition (whether prior to, during, or subsequent to, the term of of this Lease other than pursuant to the Lease Assignment, as defined in the Equipment Trust Agreement) by the Lessor or the Beneficiary or any transfer or disposition by the Lessor or the Beneficiary resulting from bankruptcy or other proceedings for the relief of debtors in which the Beneficiary is the debtor, whether voluntary or involuntary, in each case, of any interest in a Unit, the residual value thereof, or the rentals therefrom, unless in each case, an Event of Default, as defined

in § 9 hereof, shall have occurred]:

- (a) with respect to this Lease;
- (b) upon the Units or any interest of the Lessor or the Lessee therein;
- (c) upon or on account of the sale, purchase, rental, ownership, possession, use, operation, maintenance, shipment, delivery or return of the Units or transfer of title under the terms of this Lease or the Equipment Trust Agreement; or
- (d) on account of or measured by the earnings or gross receipts arising from the Units, or the value added thereto.

The Lessee shall bear the burden and make timely remittances to appropriate governmental units of all such impositions and make timely filings, with each appropriate governmental unit, of all returns, statements and reports legally required with respect thereto.

In the event that the Lessor shall become obligated to make any payment to the Manufacturer or the Trustee or otherwise pursuant to any correlative provision of the Equipment Trust Agreement, or the Beneficiary shall become obligated to make payment to the Lessor pursuant to any correlative provision of the Trust Agreement, not covered by the foregoing paragraph of this § 5, the Lessee shall pay such additional amounts (which shall also be deemed impositions hereunder) to the Lessor or the Beneficiary as will enable the Lessor or the Beneficiary to fulfill completely its obligations pursuant to said provision. The Lessor agrees not to enter into any amendment of the Equipment Trust Agreement which would adversely affect the interest of the Lessee hereunder without the written consent of the Lessee.

The Lessee at all times shall keep all and every part of each Unit free and clear of all impositions which might in any way affect the title of the Lessor or the interests of the Beneficiary or the Trustee or result in a lien upon any such Unit; provided, however, that the Lessee shall not be required to remit to any governmental unit any imposition, unless remittance may not legally be withheld, or the nonpayment thereof, in the opinion of the Lessor and the Trustee, adversely affects the title of the Lessor or the interests of the Beneficiary or the Trustee therein, if and so long as the Lessee shall in good faith, with due diligence,

and by appropriate judicial or administrative proceedings, contest the validity, applicability, or amount thereof. If any imposition shall have been charged or levied against the Lessor or the Trustee directly or against the Lessee and paid by the Lessor or the Trustee, the Lessee shall promptly reimburse the Lessor or the Trustee, as the case may be, upon demand. The Lessor agrees that if, in the opinion of independent tax counsel selected by the Lessor and acceptable to the Lessee (and whose fees and expenses shall be paid by the Lessee), a bona fide claim exists to all or a portion of any imposition in respect of which the Lessee has made payment to the Lessor as aforesaid, the Lessor shall, upon request and at the expense of the Lessee, take all such legal or other appropriate action deemed reasonable by said independent counsel in order to sustain such claim. The Lessor shall not be obligated to take any such legal or other appropriate action unless (i) the Lessee shall be unable to bring or maintain such action in its own name under the appropriate law and (ii) the Lessee shall first have indemnified the Lessor for all liabilities and expenses which may be entailed therein and shall have furnished the Lessor with such reasonable security therefor as may be requested. The Lessee shall be entitled to the proceeds of the successful prosecution of any such claim.

The Lessee shall furnish promptly upon request such data as the Lessor, the Trustee or the Beneficiary reasonably may require to permit compliance with the requirements of taxing jurisdictions.

To the extent that the Lessee may be prohibited by law from performing in its own name the duties required by this § 5, the Lessor hereby authorizes the Lessee to act in its name and on its behalf and will so notify the Lessor as soon as practicable if the Lessee intends to act in the name of the Lessor; provided, however, that the Lessee shall indemnify and hold the Lessor harmless from and against any and all claims, costs, expenses, damages, losses and liabilities incurred in connection therewith, as a result of, or incident to, any action by the Lessee pursuant to this authorization.

In the event that during the continuance of this Lease, the Lessee becomes liable for any remittance or reimbursement pursuant to this § 5, such liability shall continue notwithstanding the expiration of this Lease, until such imposition is remitted or the Lessor is reimbursed therefor.

§ 6. Payment for Casualty Occurrences; Insurance.
In the event that any Unit shall be or become worn out,

lost, stolen, destroyed, or, in the opinion of the Lessor, irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise resulting in loss of possession by the Lessee for a period of 90 consecutive days, except requisition for use by the United States Government, or returned to the Manufacturer thereof against refund of the Purchase Price thereof in event of a claim pursuant to said Manufacturer's warranty (such occurrences being herein called Casualty Occurrences) during the term of this Lease, or prior to the return of such Unit in the manner provided in § 12 hereof, the Lessee shall, promptly after it shall have determined that such Unit has suffered a Casualty Occurrence, deliver to the Lessor and the Trustee a certificate of an officer of the Lessee (hereinafter called an Officer's Certificate) fully informing them with respect thereto and complying with the provisions of the Equipment Trust Agreement pertaining to the notification of the Trustee of such Casualty Occurrences. On the rental payment date next succeeding the delivery of such Officer's Certificate (or, in the event such rental payment date will occur within 60 days after delivery of such Officer's Certificate, on the following rental payment date, or, in the event the term of this Lease will expire within 60 days after delivery of such Officer's Certificate, on a date within 60 days of such delivery), the Lessee shall pay to the Lessor an amount equal to the excess of (a) the Casualty Value of such Unit as of the rental payment date which first follows the actual date of the Casualty Occurrence (regardless of the date on which the determination that such Unit suffered the Casualty Occurrence is made) (such rental payment date being hereinafter called the Calculation Date) plus interest on such Casualty Value at the rate of 13-1/2% per annum, compounded semiannually, from the Calculation Date to the date payment pursuant to this § 6 is made, over (b) the sum of all rental payments made with respect to such Unit for periods subsequent to the Calculation Date plus interest on each such rental payment at the rate of 13-1/2% per annum, compounded semiannually, from the respective dates on which such rental payments are made to the date payment pursuant to this § 6 is made. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue as of the date of such payment, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit.

The Lessor hereby appoints the Lessee its agent to dispose of any Unit, or any component thereof, suffering a

Casualty Occurrence, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

The Casualty Value of each Unit as of any rental payment date shall be that percentage of the Purchase Price of such Unit as is set forth in the following schedule opposite such rental payment date:

<u>Rental Payment Date</u>	<u>Percentage</u>
1	107.4831
2	107.9582
3	108.1517
4	108.1372
5	107.9102
6	107.4962
7	102.2199
8	101.4341
9	100.4694
10	99.3410
11	93.3856
12	91.9473
13	90.3591
14	88.5832
15	81.9634
16	79.8330
17	77.5400
18	75.0802
19	72.4738
20	69.7145
21	66.8698
22	63.9658
23	60.9994
24	57.9673
25	54.8650
26	51.6918
27	48.4411
28	45.1097
29	41.6934
30	38.1879
31	34.5883
32	30.8899
33	27.0874
34	23.1754
35	19.1481
36	15.0000

[The Casualty Values hereinbefore set forth are subject to adjustment pursuant to the Participation Agreement (as defined in § 18) provided, however, that such Casualty Values will at all times be in an amount not less than the Fair Value (as defined in the Equipment Trust Agreement) required to be paid to the Trustee in respect of any Unit suffering a Casualty Occurrence pursuant to Section 5.07 thereof.]

Whenever any Unit shall suffer a Casualty Occurrence after termination of this Lease and before such Unit shall have been returned in the manner provided in § 12 hereof, the Lessee shall promptly and fully notify the Lessor with respect thereto and pay to the Lessor an amount equal to the Casualty Value of such Unit, which shall be an amount equal to 15% of the Purchase Price of such Unit. Upon the making of any such payment by the Lessee in respect of any Unit (except in the case of the loss, theft or complete destruction of such Unit), the Lessee shall be entitled to recover possession of such Unit.

In the event of the requisition for use by the United States Government (hereinafter called the Government) of any Unit during the term of this Lease or any renewal thereof all of the Lessee's obligations under this Lease with respect to such Unit shall continue to the same extent as if such requisition had not occurred, except that if such Unit is returned by the Government at any time after the end of the term of this Lease or any renewal thereof, the Lessee shall be obligated to return such Unit to the Lessor pursuant to § 10 or 12 hereof, as the case may be, promptly upon such return by the Government rather than at the end of the term of this Lease or any renewal thereof, but the Lessee shall in all other respects comply with the provisions of said § 10 or 12, as the case may be, with respect to such Unit. All payments received by the Lessor or the Lessee from the Government for the use of such Unit during the term of this Lease or any renewal thereof shall be paid over to, or retained by, the Lessee provided no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing; and all payments received by the Lessor or the Lessee from the Government for the use of such Unit after the term of this Lease or any renewal thereof, shall be paid over to, or retained by, the Lessor.

Except as hereinabove in this § 6 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty

Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

The Lessee will, at all times prior to the return of the Equipment to the Lessor at its own expense, cause to be carried and maintained public liability insurance, in amounts and against risks customarily insured against by the Lessee in respect of similar equipment owned by it and the benefits thereof shall be payable to the Trustee, the Lessor and the Lessee, as their interests may appear, so long as the Trust Certificates shall not have been paid in full, and thereafter to the Lessor and the Lessee as their interests may appear. Any policies of insurance carried in accordance with this paragraph shall (i) require 30 days' prior notice of cancelation or material change in coverage to the Lessor and (ii) name the Lessor as additional named insureds as their respective interests may appear and shall provide that in respect of the interests of the Lessor in such policies, the insurance shall not be invalidated by any action or inaction of the Lessee or any other person (other than the Lessor) and shall insure the Lessor regardless of any breach or violation of any warranty, declaration or condition contained in such policies by the Lessee or by any other person (other than the Lessor).

Any insurance proceeds (less expenses of collection) received by the Lessor as the result of insurance carried by the Lessee, condemnation payments received by the Lessor in respect of Units suffering a Casualty Occurrence or refund received by the Lessor of Purchase Price by a Manufacturer shall be deducted from the amounts payable by the Lessee to the Lessor in respect of Casualty Occurrences pursuant to this § 6 as long as the amount paid to the Trustee pursuant to the Lease Assignment is at least equal to the Fair Value (as defined in the Equipment Trust Agreement) of the Units suffering a Casualty Occurrence and the Lessor agrees to use such proceeds received by it, if necessary, to pay to the Trustee such Fair Value. If the Lessor shall receive any such insurance proceeds, condemnation payments or refund after the Lessee shall have made payments pursuant to this § 6 without deduction for such insurance proceeds, condemnation payments or refund, the Lessor shall pay such proceeds, condemnation payments or refund to the Lessee up to an amount equal to the Casualty Value with respect to a Unit paid by the Lessee and any balance of such proceeds, condemnation payments or refund shall remain the property of the Lessor. All insurance proceeds received by the Lessor in respect of any Unit not suffering a Casualty Occurrence shall be paid

to the Lessee upon proof satisfactory to the Lessor that any damage to such Unit in respect of which such proceeds were paid has been fully repaired.

§ 7. Reports. On or before April 1 in each year, commencing with the year 1976, the Lessee will furnish to the Lessor and the Trustee, in such number of counterparts or copies as may reasonably be requested, an Officer's Certificate, as of the preceding December 31, (i) showing the amount, description and numbers of all Units then leased hereunder and the amount, description and numbers of all Units that may have suffered a Casualty Occurrence during the preceding 12 months (or since the date of this Lease in the case of the first such Officer's Certificate), or have been withdrawn from use pending repair (other than normal running repair), and such other information regarding the condition and state of repair of the Units as the Lessor or the Trustee may reasonably request and (ii) stating that, in the case of all Units repaired or repainted during the period covered thereby, the markings required by §4 hereof and the Equipment Trust Agreement have been preserved or replaced. The Lessor and the Trustee shall each have the right at its sole cost, risk and expense, by its agents, to inspect the Units and the records of the Lessee with respect thereto at such reasonable times and places as the Lessor or the Trustee may request during the term of this Lease with respect to any Unit and the Lessee agrees to furnish all necessary facilities for the making of such inspection.

The Lessee will furnish the Lessor and the Trustee (i) within 90 days after the close of each fiscal year of the Lessee, a balance sheet of the Lessee as of the close of such fiscal year, together with the related statements of income, surplus and source and application of funds for such fiscal year, all in reasonable detail and certified by a recognized national firm of independent public accountants, including their certificates and accompanying comments, (ii) within 90 days after the close of each fiscal year of the Lessee, a certificate of the Lessee, signed by a principal financial officer or a vice president familiar with this Lease, to the effect that the signer has reviewed the relevant terms of this Lease and has made, or caused to be made under his supervision, a review of the transactions and condition of the Lessee during the preceding fiscal year, and that such review has not disclosed the existence during such period, nor does the signer have knowledge of the existence as at the date of such certificate, of any condition or event which constitutes an Event of Default or which, after notice or

lapse of time or both, would constitute an Event of Default or, if any such condition or event existed or exists, specifying the nature and period of existence thereof and what action the Lessee has taken or is taking or proposes to take with respect thereto and (iii) from time to time such other information as the Lessor may reasonably request. The Lessee will furnish the Lessor from time to time on request such information as the Lessee or the Lessor may be required to furnish to any person pursuant to the Equipment Trust Agreement.

§ 8. Disclaimer of Warranties; Compliance with Laws, Rules and Regulations; Maintenance; Indemnification. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO ITS TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the Manufacturer of the Units or of any manufacturer of the components thereof. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability (including, without limitation, strict or absolute liability in tort or by statute imposed), loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's acceptance of delivery of the Units shall be conclusive evidence as between the Lessee, the Lessor and the Trustee that all Units described in any certificate of acceptance confirming such acceptance are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor or the

Trustee based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Lessor and the Trustee, to comply in all respects with all laws of the jurisdictions in which operations involving any Unit subject to this Lease may extend, with the Interchange Rules of the Association of American Railroads, if applicable, and with all lawful rules and regulations of the Interstate Commerce Commission, if applicable, the Federal Railroad Administrator and any other legislative, executive, administrative or judicial body or officer exercising any power or jurisdiction over any such Unit, to the extent that such laws, rules and regulations affect the operations or use of such Unit; and the Lessee shall and does hereby indemnify the Lessor and the Trustee and agrees to hold the Lessor and the Trustee harmless from and against any and all liability that may arise from any infringement or violation of any such laws or rules by the Lessee, the Lessee's employees or any other person. In the event that such laws, rules or regulations require the alteration of any Unit or in case any equipment or appliance on any such Unit shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed in such Unit in order to comply with such laws, rules and regulations, the Lessee agrees to make such alterations, changes, additions and replacements at its own expense and to use, maintain and operate such Unit in full compliance with such laws and rules so long as such Unit is subject to this Lease; provided, however, that the Lessee may in good faith contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor or the Trustee, adversely affect the property or rights of the Lessor, the Trustee or the holders of Trust Certificates hereunder or under the Equipment Trust Agreement.

The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit (including any parts installed on or replacements made to any Unit and considered an accession thereto as hereinbelow provided) which is subject to this Lease in good operating order and proper repair.

Any and all additions to any Unit and any and all parts installed on or replacements made to any Unit (other than any special devices, racks or assemblies at any time attached or affixed to any such Unit, the cost or purchase price of which is not included in the Purchase Price of such Unit and the title to which is in a person or entity other than the Lessor, the Lessee or the Trustee) shall be consid-

ered accessions to such Unit and, without cost or expense to the Lessor or the Trustee, there shall immediately be vested in the Lessor and the Trustee the same interests in such accessions as the interests of the Lessor and the Trustee in such Unit. The Lessee may make alterations or modifications to any Unit so long as they do not materially and adversely affect the value of such Unit. The Lessee shall not permit any special device, rack or assembly to be attached or affixed to any Unit which may not be removed within a reasonable period of time from such Unit and without materially impairing such Unit or the value thereof unless such special device, rack or assembly is to be considered an accession to such Unit.

The Lessee agrees to indemnify and save harmless the Lessor, the Beneficiary, the Trustee and the holders of the Trust Certificates from and against any charge or claim made against the Lessor, the Beneficiary or the Trustee and against any expense, loss or liability (including but not limited to strict or absolute liability imposed by statute, regulation or rule of law, counsel fees and expenses, patent liabilities, penalties and interest) which the Lessor, the Beneficiary, the Trustee or any holder of the Trust Certificates may incur in any manner arising out or by reason of the issuance of the Trust Certificates or arising out or by reason of entering into or performing or the occurrence of any Event of Default under the Equipment Trust Agreement, this Lease, any of the instruments or agreements referred to therein or herein or contemplated thereby or hereby or the ownership of, or which may arise in any manner out of or as the result of the ordering, acquisition, purchase, leasing, use, operation, condition, delivery, rejection, storage or return of any Unit (other than (i) losses for which the Lessee has indemnified the Lessor and/or the Beneficiary pursuant to § 5 hereof and Paragraph 6 of the Participation Agreement [as defined in § 18 hereof] or (ii) tax benefits or for impositions for which no indemnities have been provided for pursuant to § 5 hereof and Paragraph 6 of the Participation Agreement [as defined in § 18 hereof]) and to indemnify and save harmless the Lessor, the Beneficiary and the Trustee against any charge, claim, expense, loss or liability (including but not limited to strict or absolute liability imposed by statute or rule of law, counsel fees and expenses, penalties and interest) on account of any accident in connection with the operation, use, condition, possession, storage or return of any Unit resulting in damage to property, or injury to or death of any person. The indemnities contained in this paragraph arising from events occurring during the term of this Lease or any renewal thereof

shall survive payment of all other obligations under this Lease and the expiration or termination of this Lease.

The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of, and furnish a copy to, the Lessor) any and all reports required to be filed by the Lessor, or requested by the Lessor to be filed, with any federal, state or other regulatory authority by reason of the ownership by the Lessor of the Units, the security title of the Trustee to the Units or the leasing of the Units to the Lessee.

§ 9. Default. If, during the continuance of this Lease, one or more of the following events (herein sometimes called Events of Default) shall occur and be continuing:

A. default shall be made in the payment of any amount provided for in §§ 2, 6 or 12 hereof and such default shall continue for seven days; or

B. the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or any interest herein, or any unauthorized sublease or use of the Units, or any thereof; or

C. default shall be made in the observance or performance of any other of the covenants, conditions or agreements on the part of the Lessee contained herein or in the Consent (as defined in the Equipment Trust Agreement), or default shall be made in the payment of any amount provided for in Paragraph 6.6 of the Participation Agreement (as defined in § 18 hereof), and such default shall continue for 20 days after written notice from the Lessor or the Trustee to the Lessee specifying the default and demanding that the same be remedied; or

D. any proceeding shall be commenced by or against the Lessee for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease, under the Equipment Trust Agreement and under the Consent (as defined in the Equipment Trust

Agreement) shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

E. an Event of Default under the Equipment Trust Agreement shall have occurred arising out of (i) any default by the Lessee in performing any of its obligations hereunder or (ii) any breach by the Lessee of any representation made by it in the Purchase Agreement (as defined in the Equipment Trust Agreement) or pursuant thereto;

then, in any such case, the Lessor, at its option, may:

(a) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof including net after-tax losses of Federal and state income tax benefits to which the Lessor would otherwise be entitled under this Lease; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such num-

ber of days in such period to the date of termination and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, a sum, with respect to each Unit, which represents the excess of (x) the present value, at the time of such termination, of the entire unpaid balance of all rental for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over (y) the then present value of the rental which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 6% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated and (ii) any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of rental; or

(c) notwithstanding any termination pursuant to paragraph (b) above, sell the Units or any part thereof at public or private sale, as the Lessor may determine, free and clear of any rights of the Lessee or its successors or assigns and without any duty to account to the Lessee with respect to such sale or for the proceeds thereof (except to the extent required by paragraph (d) below if the Lessor elects to exercise its rights under said paragraph), in which event the Lessee's obligation to pay rental hereunder accruing after the date of such sale shall terminate (except to the extent that rental is to be included in computations under paragraph (d) or (e) below if the Lessor elects to exercise its rights under either of said paragraphs); or

(d) if the Lessor shall have sold the Units pursuant to paragraph (c) above, the Lessor, in lieu of exercising its rights under paragraph (b) above with respect to such Units, may, if it shall so elect, demand that the Lessee pay to the Lessor and the Lessee shall pay to the Lessor, as liquidated damages for loss of a bargain and not as a penalty, any unpaid rental for such Units for periods up to and including the end of the semiannual lease period next preceding the lease period in which such sale occurs, plus an amount equal

to the excess of (x) the sum of (A) the Casualty Value of such Units as of the last rental payment date for which rental was actually paid, plus (B) interest on such Casualty Value computed at the rate of 15% per annum for the period from such rental payment date to the date of payment of liquidated damages under this paragraph over (y) the proceeds from such sale; or

(e) if, within 60 days following the date of termination of this Lease pursuant to paragraph (b) above and notwithstanding such termination, and after the exercise by the Lessor during such period of its best efforts to sell the Units, the Lessor is unable to sell the Units, then the Lessor, in lieu of exercising its rights under paragraph (b) above with respect to such Units, may, if it shall so elect, demand that the Lessee pay to the Lessor and the Lessee shall pay to the Lessor, as liquidated damages for loss of a bargain and not as a penalty, any unpaid rental for such Units for periods up to and including the end of the semiannual lease period next preceding the lease period in which the close of such 60-day period occurs, plus an amount equal to the excess of (x) the sum of (A) the Casualty Value of such Units as of the last rental payment date for which rental was actually paid, plus (B) interest on such Casualty Value computed at the rate of 15% per annum for the period from such rental payment date to the date of payment of liquidated damages under this paragraph over (y) the fair market value of the Units.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make such payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the con-

tingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies and a waiver of any such right on one occasion shall not constitute a waiver of such right as to any other occasion and shall not be effective unless in writing signed by the Lessor.

§ 10. Return of Units upon Default. If this Lease shall terminate pursuant to § 9 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit returned to the Lessor pursuant to this § 10 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, (ii) have attached or affixed thereto any special device, rack or assembly considered an accession thereto as provided in § 8 hereof and have removed therefrom any special device, rack or assembly not so considered an accession thereto and (iii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner and at usual speed, cause such Units to be transported to such point or points as shall reasonably be designated by the Lessor, and

(b) arrange for the Lessor to store such Units on any lines of railroad or premises approved by the Lessor until such Units have been sold, leased or otherwise disposed of by the Lessor.

The assembling, delivery, storage, insurance and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to cause the assembly, delivery, storage and transporting of the Units. During any storage period, the Lessee will, at its own cost and expense, maintain and keep the units of Equipment in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any Unit, to inspect the same. In the event that the Units or any thereof are sold pursuant to the

exercise of the Trustee's remedies under the Equipment Trust Agreement, the Lessee shall pay to the Lessor the per diem interchange for such Unit which shall not have been assembled, delivered and stored, as hereinbefore provided, by the date of such sale for each day from the date of such sale to the date of delivery to the purchaser thereof.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 10, the Lessee hereby irrevocably appoints the Lessor as the agent and the attorney in fact of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Unit. In connection therewith the Lessee will supply the Lessor with such documents as the Lessor may reasonably request.

§ 11. Assignment; Possession and Use. This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. All the rights of the Lessor hereunder (including but not limited to the rights under §§ 5, 8 and 9 hereof) shall inure to the benefit of the Lessor's assigns as if named herein as Lessor. Whenever the term Lessor is used in this Lease it shall apply and refer to the Lessor and, where the context so requires, the Beneficiary and each assignee of the Lessor.

So long as no Event of Default exists hereunder and the Lessee shall have fully complied with the provisions of the fourth paragraph of this § 11 and Paragraph 6.3 of the Participation Agreement, the Lessee shall be entitled to the possession of the Units and also to sublease the Units to, or to permit their use under the terms of car contracts by, a railroad company incorporated in the United States of America (or any State thereof or the District of Columbia or Canada), upon lines of railroad owned or operated by such corporation or over which such corporation has trackage rights or rights for operation of their trains, and upon connecting and other carriers in the usual interchange of traffic in the continental United States, Canada and Mexico, but only upon and subject to all the terms and conditions of this Lease; provided, however, that if the Lessee subleases or permits the use of any Unit in Canada (or any Province or Territory thereof) or in Mexico (or any State or the Federal District thereof), the

Lessee shall, except as otherwise provided in §15 hereof, first have (a) taken all necessary action to protect the right, title and interest of the Lessor and the Trustee in the Units to be so subleased or used and (b) furnished the Lessor and the Trustee with an opinion of Canadian or Mexican counsel, as the case may be, satisfactory to the Lessor and the Trustee to the effect that such action is all that is necessary to protect the right, title and interest of the Lessor and the Trustee in such Units; and provided further, that any such sublease or use shall be consistent with the provisions of the Participation Agreement and the Lessee shall nevertheless remain liable under this Lease.

Any such sublease may provide that the sublessee, so long as it shall not be in default under such sublease, shall be entitled to the possession of the Units included in such sublease and the use thereof; provided, however, that every such sublease shall be subject to the rights and remedies of the Trustee under the Equipment Trust Agreement and the Lessor under this Lease in respect of the Units covered by such sublease.

The Lessee, at its own expense, will as soon as possible cause to be duly discharged any lien, charge, security interest or other encumbrance (except any sublease as aforesaid and other than an encumbrance resulting from claims against the Lessor or the Trustee not related to the ownership or leasing of, or the security title of the Trustee to, the Units) which may at any time be imposed on or with respect to any Unit including any accession thereto or the interest of the Lessor, the Trustee or the Lessee therein. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of this § 11.

§ 12. Renewal Option; Purchase Option; Return of Units upon Termination of Term. Provided that this Lease has not been earlier terminated, no Event of Default exists hereunder and the Lessee is not otherwise in default hereunder, the Lessee may, by written notice delivered to the Lessor not less than six months prior to the end of (i) the original term of this Lease in respect of subclause (a) hereof or (ii) the extended term hereof in respect of subclause (b) hereof, as the case may be, and not less than six months prior to the end of the original term of this Lease or the extended term

hereof, as the case may be, in respect of subclause (c) hereof, elect (a) to extend the term of this Lease in respect of all, but not fewer than all, the Units then covered by this Lease, for a two-year period commencing on the scheduled expiration of the original term of this Lease, at a rental payable in four semiannual payments, in arrears, payable on April 1 and October 1 in each year of the extended term, each in an amount equal to 50% of the rental payment set forth in the first paragraph of § 2 hereof, (b) if the Lessee extends the Lease pursuant to clause (a) hereof, to extend the term of this Lease in respect of all, but not fewer than all, of such Units then covered by this Lease for one additional five-year period, commencing on the scheduled expiration of such extended term, at a rental equal to the "Fair Rental Value" of such Units, payable in arrears in 10 semiannual payments on April 1 and October 1 of each year of such extended term and/or (c) to purchase all, but not less than all, the Units covered by this Lease at the end of such original term or any extended term of this Lease for a purchase price equal to the "Fair Market Value" of such Units as of the end of such original term or such extended term of this Lease.

Fair Rental Value shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's length transaction between an informed and willing lessee-user (other than a lessee-user currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such value.

Fair Market Value shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing buyer-user (other than (i) a lessee currently in possession or (ii) a used equipment dealer) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such value.

If on or before five months prior to the expiration of the term of this Lease or any extended term hereof, as the case may be, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Value or Fair Rental Value, as the case may be, of the Units, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser. The term Appraiser shall

mean such independent appraiser as the Lessor and the Lessee may mutually agree upon, or failing such agreement prior to the 90th day next preceding the expiration of the original term or extended term of this Lease, as the case may be, a panel of three independent appraisers, one of whom shall be selected by the Lessor, the second by the Lessee and the third by the first two so selected. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. Within 30 days thereafter the Lessee shall give to Lessor a binding notice of whether or not it elects to purchase or lease, as the case may be, the Units at the appraised value. The expenses and fee of the Appraiser shall be borne by the Lessee. With respect to the exercise of the option to purchase, upon payments of the purchase price, the Lessor shall upon request of the Lessee execute and deliver to the Lessee, or to the Lessee's assignee or nominee, a bill of sale for such Unit such as will transfer to the Lessee such title to such Unit as the Lessor and the Trustee derived from the Manufacturer free and clear of all liens, security interests and other encumbrances arising through the Lessor or the Trustee (without any other recourse, representations or warranties).

As soon as practicable on or after the termination of the original or any extended term of this Lease, and in any event not later than 90 days thereafter, the Lessee will, at its own cost and expense, at the request of the Lessor, cause each Unit to be transported to such point or points as shall be reasonably designated by the Lessor immediately prior to such termination and arrange for the Lessor to store such Unit on any lines of railroad or premises approved by the Lessor for a period not exceeding three months from the date such Unit is first placed in storage pursuant to this § 12; the assembly, delivery, storage and transporting of such Unit to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of such Unit, to inspect the same. The assembly, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to cause the assembly, delivery, storage and transporting of the Units. Each Unit returned to the Lessor pursuant to this § 12 shall (i) be in the same

operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, (ii) have attached or affixed thereto any special device, rack or assembly considered an accession thereto as provided in § 8 hereof and have removed therefrom any special device, rack or assembly not so considered an accession thereto and (iii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable.

§ 13. Provisions Concerning Subordinated Notes; Merger or Consolidation. It is the intention of the parties hereto that the obligations of the Lessee under this Lease shall be superior in right of payment to all the Lessee's Thirty Year Subordinated Notes sold pursuant to a Note Purchase Agreement dated as of January 1, 1967, between the Lessee and certain of its stockholders. The Lessee covenants and agrees that if an Event of Default exists hereunder or an Event of Default (as defined in the Equipment Trust Agreement) exists under the Equipment Trust Agreement or any event which, with the giving of notice or the lapse of time, or both, would constitute an Event of Default hereunder or under the Equipment Trust Agreement, shall have occurred and be continuing, the Lessee will not voluntarily prepay or retire any of such Notes.

The Lessee agrees not to merge or consolidate with any other corporation unless the survivor of such merger or consolidation shall be a solvent corporation organized under the laws of the United States of America or a State thereof or the District of Columbia and such survivor (if not the Lessee) shall assume, by an instrument in form and substance satisfactory to the Lessor and the Trustee, all the obligations and liabilities of the Lessee hereunder and under the Lessee's Consent and Agreement to the assignment hereof to the Trustee.

§ 14. Increase of User Rates. The Lessee covenants and agrees (i) that, if an Event of Default exists under clause A of § 9 hereof by reason of the failure of the Lessee to pay to the Trustee within the grace period provided in clause A of § 9 hereof all or any part of the rentals due and payable under § 2 hereof, the Lessee will, upon written notice by the Lessor so to do, within ten days after receipt of such notice, deliver to all parties to its Form A and Form B car contracts (or such other Forms as may hereafter be used in substitution or in replacement of such Form A and Form B car contracts) due and proper notice of increases in the car

user charges under such contracts, (ii) that all car contracts covering any unit or units of railroad equipment of which the Lessee is the owner or the lessee will contain provisions permitting the Lessee to require such increases and (iii) that, except in connection with an assignment or transfer in accordance with the provisions of the Equipment Trust Agreement, the Lessee will not assign or transfer its rights and obligations to require such increases under any such car contracts. Such increases shall commence to accrue and shall be effective on the first day of the first calendar month beginning subsequent to ten days after delivery of such notice by the Lessee to the parties to such car contracts. Such increases shall be in such amounts or percentages as will cause to accrue and be payable to the account of the Lessee in respect of the first calendar month during which they are in effect such additional sums of money as will be needed by the Lessee to enable it to pay as rental hereunder an amount equal to such rental due and payable under § 2 hereof (with interest on overdue Rental at the Overdue Rate [as defined in § 16 hereof], from the date such rental is due until the date it is paid, to the extent that it shall be legally enforceable) and to cure any defaults in payment of any principal or interest (or rentals intended to provide for payment thereof) payable under comparable provisions of any other equipment trust, conditional sale or other equipment agreement or lease of the Lessee not guaranteed jointly and severally by its shareholders or a group of its shareholders (except defaults arising by reason of acceleration of the date of payment of instalments of principal, dividends or interest, or rentals intended to provide for payment thereof), whether heretofore or hereafter entered into, based upon the most recent records or information available to the Lessee relating to the use of its cars. If for any reason any such increases so made by the Lessee shall fail to provide in 90 days sufficient cash to enable the Lessee to cure such default or defaults hereunder and under any other such agreements, or if cash is provided but is not for any reason applied to cure such defaults, the Lessee will, upon receipt of written notice from the Lessor so to do, promptly make such further increases in its user charges as may from time to time be necessary to enable the Lessee to cure all such defaults hereunder and under such other agreements.

§ 15. Recording and Expenses. Prior to the delivery and acceptance of any Unit hereunder, the Lessee will, at its own expense, cause this Lease, any supplement relating to such Unit, any assignments hereof and thereof, the Manufacturing Agreement, any supplement thereto relating

to such Unit and the Equipment Trust Agreement to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. The Lessee will undertake the filing and recording required under the Equipment Trust Agreement and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record and deposit (and will refile, reregister, rerecord or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Trustee (except as otherwise provided in the Equipment Trust Agreement) for the purpose of proper protection, to the satisfaction of the Lessor and the Trustee, of the Lessor's and the Trustee's respective interests in the Units, or for the purpose of carrying out the intention of this Lease and the Equipment Trust Agreement; provided, however, that the Lessee shall not be required to take any such action in respect of any jurisdiction outside the United States if (1) the Lessee deems such action to be unduly burdensome, (2) after giving effect to the failure to take such action, the Lessee has taken all action required by law to protect the title of the Lessor and the Trustee to Units having a Fair Value of not less than 85% of the aggregate Fair Value of all the Units then subject to this Lease (such Fair Value to be determined in the manner provided in the Equipment Trust Agreement), and (3) any Unit at any time located in such jurisdiction shall have been marked with the markings specified in § 4 hereof.

The Lessee will promptly furnish to the Lessor and the Trustee evidence of all such filing, registering, recording, depositing, refiling, reregistering, rerecording and/or redepositing and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Lessor and the Trustee.

§ 16. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay also an amount equal to interest at the rate of 16% per annum, compounded semiannually, on the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable (herein called the Overdue Rate).

§ 17. Notices. Any notice required or permitted to be given by either party hereto to the other shall be

deemed to have been given when deposited in the United States mails, postage prepaid, addressed as follows:

If to the Lessor, at P. O. Drawer 4625, Atlanta, Georgia 30302, Attention of Corporate Trust Department (with a copy to Ford Motor Credit Company, P. O. Box 1729, Dearborn, Michigan 48121, attention of Vice President, CIR Financing and to Itel Leasing Corporation, One Embarcadero Center, San Francisco, California 94111, attention of Contract Administration Department);

If to the Lessee, at 300 South Wacker Drive, Chicago, Illinois 60606, Attention of Vice President-Finance and Treasurer;

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing. Any certificate, document or report required to be furnished by either party hereto to the other party shall be delivered to the address set forth above or furnished by such party.

§ 18. Severability; Effect and Modification of Lease. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the Units and supersedes all other agreements, oral or written, with respect to the Units, other than the Participation Agreement dated as of the date hereof among the Lessee, the Beneficiary and the Owner-Trustee (herein called the Participation Agreement), the Equipment Trust Agreement, any agreement providing for the original purchase of the Trust Certificates and the Manufacturing Agreement. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Lessor and the Lessee. A copy of the Participation Agreement is attached as Exhibit C to the Equipment Trust Agreement, a copy of which has been filed pursuant to Section 20c of the Interstate Commerce Act.

§ 19. Execution. This Lease may be executed in several counterparts, such counterparts together constitut-

ing but one and the same instrument but the counterpart delivered to the Trustee shall be deemed to be the original counterpart. Although this Lease is dated as of the date first set forth above, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

§ 20. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Illinois; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act and such additional rights arising out of the filing, recording or depositing hereof and of any assignment hereof or out of the marking on the Units as shall be conferred by the laws of the several jurisdictions in which this Lease or any assignment hereof shall be filed, recorded or deposited or in which any Unit may be located.

§ 21. Additional Rentals. In the event that the Lessor shall become obligated to make any payment (other than payments in settlement for Equipment whether by advance rental or otherwise pursuant to the Equipment Trust Agreement) or to perform any other obligations pursuant to the Equipment Trust Agreement, including, but not limited to, clauses (a) and (b) of the first paragraph of Section 5.04 thereof, not covered by the provisions of this Lease, the Lessee shall pay such additional amounts to the Trustee and perform such obligations so that the Lessor's obligations (other than payments in settlement for Equipment whether by advance rental or otherwise pursuant to the Equipment Trust Agreement) pursuant to the Equipment Trust Agreement shall be fully complied with, without regard for any limitation of liability of the Lessor contained in the Equipment Trust Agreement.

§ 22. No Recourse. No recourse shall be had in respect of any obligation due under this Lease, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the Lessor or the Lessee, or against the Beneficiary or any other beneficiary of a trust for which the Lessor is acting as trustee, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of incorporators, stockholders, directors, officers, as such,

or beneficiaries being forever released as a condition of and as consideration for the execution of this Lease.

§ 23. Agreements for Benefit of Beneficiary. All rights of the Lessor hereunder (including, but not limited to, its rights under §§ 5, 6, 8 and 9 and the right to receive the rentals payable under this Lease) shall inure to the benefit of the Beneficiary and any of the Beneficiary's assigns under the Trust Agreement.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused this instrument to be duly executed as of the date first above written.

TRUST COMPANY BANK, as Trustee,

by

Authorized Officer

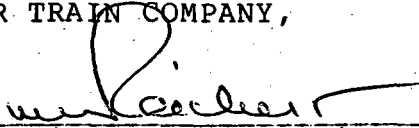
[CORPORATE SEAL]

Attest:

Authorized Officer

TRAILER TRAIN COMPANY,

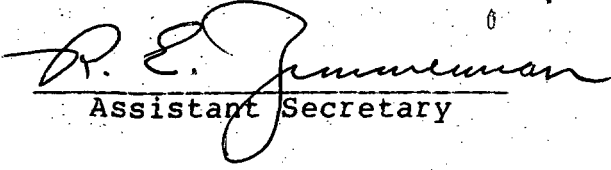
by



Vice President-Finance
and Treasurer

[CORPORATE SEAL]

Attest:



Assistant Secretary

STATE OF GEORGIA,)
) ss.:
COUNTY OF FULTON,)

On this day of 1975, before me personally appeared , to me being personally known, who, being by me duly sworn, says that he is an Authorized Officer of TRUST COMPANY BANK, that one of the seals affixed to the foregoing instrument is the corporate seal of said bank, that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.


Notary Public

[Notarial Seal]

My Commission expires

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this 27th day of *March* 1975, before me personally appeared N. V. REICHERT, to me personally known, who, being by me duly sworn, says that he is the Vice President-Finance and Treasurer of TRAILER TRAIN COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public

[Notarial Seal]

My Commission expires 11/17/76

SCHEDULE A

<u>Type</u>	<u>AAR Mechanical Designation</u>	<u>Quantity</u>	<u>Lessee's Car Numbers (Inclusive)</u>
89 ft. 4 in. 70-ton capacity hydraulic draft gear standard level all purpose flat car	FC	175	973626-973800
89 ft. 4 in. 70-ton capacity hydraulic draft gear low level flat car	FC	4	850495-850498
89 ft. 4 in. 70-ton capacity standard gear standard level flat car equipped with hitches	FC	104	255684-255787

(Pullman)

Total 283

LEASE OF EQUIPMENT

Between

TRUST COMPANY BANK,

**as Trustee under a Trust Agreement
dated as of the date hereof
with FORD MOTOR CREDIT COMPANY**

and

TRAILER TRAIN COMPANY

Dated as of January 1, 1975

LEASE OF EQUIPMENT dated as of January 1, 1975 (hereinafter called this Lease), between TRUST COMPANY BANK, acting as trustee under a Trust Agreement dated as of the date hereof (hereinafter called the Trust Agreement) with Ford Motor Credit Company, a Delaware corporation (said bank, so acting being hereinafter called the Lessor, and said corporation being hereinafter called the Beneficiary), and TRAILER TRAIN COMPANY (hereinafter called the Lessee).

WHEREAS the Lessee has entered or will enter into a manufacturing agreement (hereinafter, as amended to the date hereof, called the Manufacturing Agreement) with Pullman Incorporated (Pullman-Standard division) (such party being hereinafter called the Manufacturer), pursuant to which the Lessee has agreed to purchase and take delivery of certain units of railroad equipment;

WHEREAS, under an assignment and reassignment of said Manufacturing Agreement, the Lessee is assigning to the Lessor its rights under the Manufacturing Agreement to purchase and take delivery of those units of railroad equipment described in Schedule A hereto (such units of railroad equipment being hereinafter sometimes collectively called the Equipment or the Units and each such unit of Equipment being hereinafter called a Unit);

WHEREAS the Lessee agrees to lease from the Lessor all the Units, or such lesser number of Units, having an aggregate Purchase Price (as hereinafter defined) not exceeding \$9,230,000, as are delivered and accepted under the Manufacturing Agreements on or after the date this Lease is filed and recorded pursuant to § 15 hereof and on or prior to March 31, 1975, at the rentals and for the term and upon the conditions hereinafter provided; and

WHEREAS the Lessor will enter into an equipment trust agreement (hereinafter called the Equipment Trust Agreement) with Manufacturers Hanover Trust Company (hereinafter called the Trustee) pursuant to which equipment trust certificates (hereinafter called the Trust Certificates) will be sold to finance 64.25% of the purchase price of the Equipment, the Lessor will be obligated to make payments of principal and interest thereon out of the rentals

received hereunder and a security interest in the Units and this Lease will be conveyed to the Trustee;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions, but subject and subordinate to all the rights and remedies of the Trustee under the Equipment Trust Agreement.

§ 1. Delivery and Acceptance of Units. The Lessor will cause each Unit accepted pursuant to the Manufacturing Agreement within the time period set forth for delivery and acceptance in the preambles hereto to be delivered to the Lessee at the same point or points within the United States of America at which such Unit is delivered to the Lessor under the Manufacturing Agreement. Upon such delivery, the Lessee will cause an authorized representative of the Lessee to inspect the same, and if such Unit is found to be acceptable, to accept delivery of such Unit and to execute and deliver to the Lessor a certificate of acceptance therefor in the form of Annex D to the Manufacturing Agreement, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee under this Lease and shall be subject thereafter to all the terms and conditions of this Lease.

§ 2. Rentals. The Lessee agrees to pay to the Lessor, as rental for each Unit subject to this Lease 36 consecutive semiannual payments in arrears, payable on April 1 and October 1 in each year commencing October 1, 1975 (each such date being hereinafter called a "rental payment date"). Each rental payment shall be in an amount equal to 4.8087% of the Purchase Price (as defined in the applicable Manufacturing Agreement) of each Unit then subject to this Lease, subject to adjustment pursuant to the Participation Agreement (as defined in § 18), provided, however, that such rentals will at all times be sufficient to pay the interest on and the principal of the Trust Certificates (as defined in the Equipment Trust Agreement).

If any of the rental payment dates referred to above is not a business day the semiannual rental payment otherwise payable on such date shall be payable on the next succeeding business day, and no interest shall accrue for the period from and after the nominal date for payment thereof to such next succeeding business day. The

ment, or by reason of any failure by the Lessor to perform any of its obligations herein contained, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the Lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

§ 3. Term of Lease. The term of this Lease as to each Unit shall begin on the date of the acceptance thereof by the Lessee pursuant to § 1 hereof and, subject to the provisions of §§ 6, 9 and 12 hereof, shall terminate on the date on which the final semiannual payment of rent in respect thereof is due hereunder. The obligations of the Lessee hereunder arising during the term of this Lease (including, but not limited to, the obligations under §§ 5, 6, 8 and 12 hereof) shall survive the expiration of the term of this Lease.

§ 4. Identification Marks. The Lessee will, at its own expense, cause each Unit to be kept numbered with the identifying number set forth in Schedule A hereto, or in the case of any Unit not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain plainly, distinctly, permanently and conspicuously marked on each side of such Unit, in letters not less than one inch in height, the following words: "OWNED BY A BANK OR TRUST COMPANY UNDER A SECURITY AGREEMENT FILED UNDER THE INTERSTATE COMMERCE ACT, SECTION 20c" with appropriate changes thereof and additions thereto as from time to time may be required by law or reasonably requested in order to protect the title of the Lessor and the security interest of the Trustee in such Unit and the rights of the Lessor under this Lease and the Equipment Trust Agreement and of the Trustee under the Equipment Trust Agreement.

The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and will replace promptly any such words which may be removed, defaced or destroyed. The Lessee will not change or permit to be changed the identifying number of any Unit unless and until (i) a statement of new numbers to be substituted therefor shall have been filed with the Trustee and the Lessor and filed, recorded and deposited by the Lessee in all public offices where this Lease and the Equipment Trust Agreement shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Trustee and the Lessor an opinion of counsel to the effect that such statement has been so filed, recorded and deposited and that such filing, recordation and deposit is sufficient to protect the title and interest of the Trustee and the Lessor in the Units covered by such statement.

Each Unit may be lettered "Trailer Train Company", "T.T.X.", or in some other appropriate manner for convenience of identification of the interests of the Lessor and the Lessee therein. Except as above provided, the Lessee will not allow the name of any person or entity to be placed on any of the Equipment as a designation which might be interpreted as a claim of ownership.

§ 5. Taxes. The rentals and other amounts otherwise required to be borne by the Lessee under this Lease are exclusive of, and the Lessee agrees to pay, all taxes, expenses, assessments, fees, charges, fines or penalties (hereinafter called "impositions") levied or imposed upon the Lessor, the Beneficiary, the Manufacturer or the Lessee by any governmental unit (domestic or foreign), or any agency or instrumentality thereof [other than (i) impositions on or measured by the net income of the Lessor, the Beneficiary or the Manufacturer or general corporation franchise (or like) taxes measured by the Lessor's, the Beneficiary's or the Manufacturer's capital, capital stock or net worth and (ii) impositions as a result of a voluntary transfer (including pursuant to § 12 of this Lease) or other voluntary disposition (whether prior to, during, or subsequent to, the term of of this Lease other than pursuant to the Lease Assignment, as defined in the Equipment Trust Agreement) by the Lessor or the Beneficiary or any transfer or disposition by the Lessor or the Beneficiary resulting from bankruptcy or other proceedings for the relief of debtors in which the Beneficiary is the debtor, whether voluntary or involuntary, in each case, of any interest in a Unit, the residual value thereof, or the rentals therefrom, unless in each case, an Event of Default, as defined

in § 9 hereof, shall have occurred]:

- (a) with respect to this Lease;
- (b) upon the Units or any interest of the Lessor or the Lessee therein;
- (c) upon or on account of the sale, purchase, rental, ownership, possession, use, operation, maintenance, shipment, delivery or return of the Units or transfer of title under the terms of this Lease or the Equipment Trust Agreement; or
- (d) on account of or measured by the earnings or gross receipts arising from the Units, or the value added thereto.

The Lessee shall bear the burden and make timely remittances to appropriate governmental units of all such impositions and make timely filings, with each appropriate governmental unit, of all returns, statements and reports legally required with respect thereto.

In the event that the Lessor shall become obligated to make any payment to the Manufacturer or the Trustee or otherwise pursuant to any correlative provision of the Equipment Trust Agreement, or the Beneficiary shall become obligated to make payment to the Lessor pursuant to any correlative provision of the Trust Agreement, not covered by the foregoing paragraph of this § 5, the Lessee shall pay such additional amounts (which shall also be deemed impositions hereunder) to the Lessor or the Beneficiary as will enable the Lessor or the Beneficiary to fulfill completely its obligations pursuant to said provision. The Lessor agrees not to enter into any amendment of the Equipment Trust Agreement which would adversely affect the interest of the Lessee hereunder without the written consent of the Lessee.

The Lessee at all times shall keep all and every part of each Unit free and clear of all impositions which might in any way affect the title of the Lessor or the interests of the Beneficiary or the Trustee or result in a lien upon any such Unit; provided, however, that the Lessee shall not be required to remit to any governmental unit any imposition, unless remittance may not legally be withheld, or the nonpayment thereof, in the opinion of the Lessor and the Trustee, adversely affects the title of the Lessor or the interests of the Beneficiary or the Trustee therein, if and so long as the Lessee shall in good faith, with due diligence,

and by appropriate judicial or administrative proceedings, contest the validity, applicability, or amount thereof. If any imposition shall have been charged or levied against the Lessor or the Trustee directly or against the Lessee and paid by the Lessor or the Trustee, the Lessee shall promptly reimburse the Lessor or the Trustee, as the case may be, upon demand. The Lessor agrees that if, in the opinion of independent tax counsel selected by the Lessor and acceptable to the Lessee (and whose fees and expenses shall be paid by the Lessee), a bona fide claim exists to all or a portion of any imposition in respect of which the Lessee has made payment to the Lessor as aforesaid, the Lessor shall, upon request and at the expense of the Lessee, take all such legal or other appropriate action deemed reasonable by said independent counsel in order to sustain such claim. The Lessor shall not be obligated to take any such legal or other appropriate action unless (i) the Lessee shall be unable to bring or maintain such action in its own name under the appropriate law and (ii) the Lessee shall first have indemnified the Lessor for all liabilities and expenses which may be entailed therein and shall have furnished the Lessor with such reasonable security therefor as may be requested. The Lessee shall be entitled to the proceeds of the successful prosecution of any such claim.

The Lessee shall furnish promptly upon request such data as the Lessor, the Trustee or the Beneficiary reasonably may require to permit compliance with the requirements of taxing jurisdictions.

To the extent that the Lessee may be prohibited by law from performing in its own name the duties required by this § 5, the Lessor hereby authorizes the Lessee to act in its name and on its behalf and will so notify the Lessor as soon as practicable if the Lessee intends to act in the name of the Lessor; provided, however, that the Lessee shall indemnify and hold the Lessor harmless from and against any and all claims, costs, expenses, damages, losses and liabilities incurred in connection therewith, as a result of, or incident to, any action by the Lessee pursuant to this authorization.

In the event that during the continuance of this Lease, the Lessee becomes liable for any remittance or reimbursement pursuant to this § 5, such liability shall continue notwithstanding the expiration of this Lease, until such imposition is remitted or the Lessor is reimbursed therefor.

§ 6. Payment for Casualty Occurrences; Insurance.
In the event that any Unit shall be or become worn out,

lost, stolen, destroyed, or, in the opinion of the Lessor, irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise resulting in loss of possession by the Lessee for a period of 90 consecutive days, except requisition for use by the United States Government, or returned to the Manufacturer thereof against refund of the Purchase Price thereof in event of a claim pursuant to said Manufacturer's warranty (such occurrences being herein called Casualty Occurrences) during the term of this Lease, or prior to the return of such Unit in the manner provided in § 12 hereof, the Lessee shall, promptly after it shall have determined that such Unit has suffered a Casualty Occurrence, deliver to the Lessor and the Trustee a certificate of an officer of the Lessee (hereinafter called an Officer's Certificate) fully informing them with respect thereto and complying with the provisions of the Equipment Trust Agreement pertaining to the notification of the Trustee of such Casualty Occurrences. On the rental payment date next succeeding the delivery of such Officer's Certificate (or, in the event such rental payment date will occur within 60 days after delivery of such Officer's Certificate, on the following rental payment date, or, in the event the term of this Lease will expire within 60 days after delivery of such Officer's Certificate, on a date within 60 days of such delivery), the Lessee shall pay to the Lessor an amount equal to the excess of (a) the Casualty Value of such Unit as of the rental payment date which first follows the actual date of the Casualty Occurrence (regardless of the date on which the determination that such Unit suffered the Casualty Occurrence is made) (such rental payment date being hereinafter called the Calculation Date) plus interest on such Casualty Value at the rate of 13-1/2% per annum, compounded semiannually, from the Calculation Date to the date payment pursuant to this § 6 is made, over (b) the sum of all rental payments made with respect to such Unit for periods subsequent to the Calculation Date plus interest on each such rental payment at the rate of 13-1/2% per annum, compounded semiannually, from the respective dates on which such rental payments are made to the date payment pursuant to this § 6 is made. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue as of the date of such payment, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit.

The Lessor hereby appoints the Lessee its agent to dispose of any Unit, or any component thereof, suffering a

Casualty Occurrence, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

The Casualty Value of each Unit as of any rental payment date shall be that percentage of the Purchase Price of such Unit as is set forth in the following schedule opposite such rental payment date:

<u>Rental Payment Date</u>	<u>Percentage</u>
1	107.4831
2	107.9582
3	108.1517
4	108.1372
5	107.9102
6	107.4962
7	102.2199
8	101.4341
9	100.4694
10	99.3410
11	93.3856
12	91.9473
13	90.3591
14	88.5832
15	81.9634
16	79.8330
17	77.5400
18	75.0802
19	72.4738
20	69.7145
21	66.8698
22	63.9658
23	60.9994
24	57.9673
25	54.8650
26	51.6918
27	48.4411
28	45.1097
29	41.6934
30	38.1879
31	34.5883
32	30.8899
33	27.0874
34	23.1754
35	19.1481
36	15.0000

[The Casualty Values hereinbefore set forth are subject to adjustment pursuant to the Participation Agreement (as defined in § 18) provided, however, that such Casualty Values will at all times be in an amount not less than the Fair Value (as defined in the Equipment Trust Agreement) required to be paid to the Trustee in respect of any Unit suffering a Casualty Occurrence pursuant to Section 5.07 thereof.]

Whenever any Unit shall suffer a Casualty Occurrence after termination of this Lease and before such Unit shall have been returned in the manner provided in § 12 hereof, the Lessee shall promptly and fully notify the Lessor with respect thereto and pay to the Lessor an amount equal to the Casualty Value of such Unit, which shall be an amount equal to 15% of the Purchase Price of such Unit. Upon the making of any such payment by the Lessee in respect of any Unit (except in the case of the loss, theft or complete destruction of such Unit), the Lessee shall be entitled to recover possession of such Unit.

In the event of the requisition for use by the United States Government (hereinafter called the Government) of any Unit during the term of this Lease or any renewal thereof all of the Lessee's obligations under this Lease with respect to such Unit shall continue to the same extent as if such requisition had not occurred, except that if such Unit is returned by the Government at any time after the end of the term of this Lease or any renewal thereof, the Lessee shall be obligated to return such Unit to the Lessor pursuant to § 10 or 12 hereof, as the case may be, promptly upon such return by the Government rather than at the end of the term of this Lease or any renewal thereof, but the Lessee shall in all other respects comply with the provisions of said § 10 or 12, as the case may be, with respect to such Unit. All payments received by the Lessor or the Lessee from the Government for the use of such Unit during the term of this Lease or any renewal thereof shall be paid over to, or retained by, the Lessee provided no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing; and all payments received by the Lessor or the Lessee from the Government for the use of such Unit after the term of this Lease or any renewal thereof, shall be paid over to, or retained by, the Lessor.

Except as hereinabove in this § 6 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty

Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

The Lessee will, at all times prior to the return of the Equipment to the Lessor at its own expense, cause to be carried and maintained public liability insurance, in amounts and against risks customarily insured against by the Lessee in respect of similar equipment owned by it and the benefits thereof shall be payable to the Trustee, the Lessor and the Lessee, as their interests may appear, so long as the Trust Certificates shall not have been paid in full, and thereafter to the Lessor and the Lessee as their interests may appear. Any policies of insurance carried in accordance with this paragraph shall (i) require 30 days' prior notice of cancelation or material change in coverage to the Lessor and (ii) name the Lessor as additional named insureds as their respective interests may appear and shall provide that in respect of the interests of the Lessor in such policies, the insurance shall not be invalidated by any action or inaction of the Lessee or any other person (other than the Lessor) and shall insure the Lessor regardless of any breach or violation of any warranty, declaration or condition contained in such policies by the Lessee or by any other person (other than the Lessor).

Any insurance proceeds (less expenses of collection) received by the Lessor as the result of insurance carried by the Lessee, condemnation payments received by the Lessor in respect of Units suffering a Casualty Occurrence or refund received by the Lessor of Purchase Price by a Manufacturer shall be deducted from the amounts payable by the Lessee to the Lessor in respect of Casualty Occurrences pursuant to this § 6 as long as the amount paid to the Trustee pursuant to the Lease Assignment is at least equal to the Fair Value (as defined in the Equipment Trust Agreement) of the Units suffering a Casualty Occurrence and the Lessor agrees to use such proceeds received by it, if necessary, to pay to the Trustee such Fair Value. If the Lessor shall receive any such insurance proceeds, condemnation payments or refund after the Lessee shall have made payments pursuant to this § 6 without deduction for such insurance proceeds, condemnation payments or refund, the Lessor shall pay such proceeds, condemnation payments or refund to the Lessee up to an amount equal to the Casualty Value with respect to a Unit paid by the Lessee and any balance of such proceeds, condemnation payments or refund shall remain the property of the Lessor. All insurance proceeds received by the Lessor in respect of any Unit not suffering a Casualty Occurrence shall be paid

to the Lessee upon proof satisfactory to the Lessor that any damage to such Unit in respect of which such proceeds were paid has been fully repaired.

§ 7. Reports. On or before April 1 in each year, commencing with the year 1976, the Lessee will furnish to the Lessor and the Trustee, in such number of counterparts or copies as may reasonably be requested, an Officer's Certificate, as of the preceding December 31, (i) showing the amount, description and numbers of all Units then leased hereunder and the amount, description and numbers of all Units that may have suffered a Casualty Occurrence during the preceding 12 months (or since the date of this Lease in the case of the first such Officer's Certificate), or have been withdrawn from use pending repair (other than normal running repair), and such other information regarding the condition and state of repair of the Units as the Lessor or the Trustee may reasonably request and (ii) stating that, in the case of all Units repaired or repainted during the period covered thereby, the markings required by §4 hereof and the Equipment Trust Agreement have been preserved or replaced. The Lessor and the Trustee shall each have the right at its sole cost, risk and expense, by its agents, to inspect the Units and the records of the Lessee with respect thereto at such reasonable times and places as the Lessor or the Trustee may request during the term of this Lease with respect to any Unit and the Lessee agrees to furnish all necessary facilities for the making of such inspection.

The Lessee will furnish the Lessor and the Trustee (i) within 90 days after the close of each fiscal year of the Lessee, a balance sheet of the Lessee as of the close of such fiscal year, together with the related statements of income, surplus and source and application of funds for such fiscal year, all in reasonable detail and certified by a recognized national firm of independent public accountants, including their certificates and accompanying comments, (ii) within 90 days after the close of each fiscal year of the Lessee, a certificate of the Lessee, signed by a principal financial officer or a vice president familiar with this Lease, to the effect that the signer has reviewed the relevant terms of this Lease and has made, or caused to be made under his supervision, a review of the transactions and condition of the Lessee during the preceding fiscal year, and that such review has not disclosed the existence during such period, nor does the signer have knowledge of the existence as at the date of such certificate, of any condition or event which constitutes an Event of Default or which, after notice or

lapse of time or both, would constitute an Event of Default or, if any such condition or event existed or exists, specifying the nature and period of existence thereof and what action the Lessee has taken or is taking or proposes to take with respect thereto and (iii) from time to time such other information as the Lessor may reasonably request. The Lessee will furnish the Lessor from time to time on request such information as the Lessee or the Lessor may be required to furnish to any person pursuant to the Equipment Trust Agreement.

§ 8. Disclaimer of Warranties; Compliance with Laws, Rules and Regulations; Maintenance; Indemnification. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO ITS TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the Manufacturer of the Units or of any manufacturer of the components thereof. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability (including, without limitation, strict or absolute liability in tort or by statute imposed), loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's acceptance of delivery of the Units shall be conclusive evidence as between the Lessee, the Lessor and the Trustee that all Units described in any certificate of acceptance confirming such acceptance are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor or the

Trustee based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Lessor and the Trustee, to comply in all respects with all laws of the jurisdictions in which operations involving any Unit subject to this Lease may extend, with the Interchange Rules of the Association of American Railroads, if applicable, and with all lawful rules and regulations of the Interstate Commerce Commission, if applicable, the Federal Railroad Administrator and any other legislative, executive, administrative or judicial body or officer exercising any power or jurisdiction over any such Unit, to the extent that such laws, rules and regulations affect the operations or use of such Unit; and the Lessee shall and does hereby indemnify the Lessor and the Trustee and agrees to hold the Lessor and the Trustee harmless from and against any and all liability that may arise from any infringement or violation of any such laws or rules by the Lessee, the Lessee's employees or any other person. In the event that such laws, rules or regulations require the alteration of any Unit or in case any equipment or appliance on any such Unit shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed in such Unit in order to comply with such laws, rules and regulations, the Lessee agrees to make such alterations, changes, additions and replacements at its own expense and to use, maintain and operate such Unit in full compliance with such laws and rules so long as such Unit is subject to this Lease; provided, however, that the Lessee may in good faith contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor or the Trustee, adversely affect the property or rights of the Lessor, the Trustee or the holders of Trust Certificates hereunder or under the Equipment Trust Agreement.

The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit (including any parts installed on or replacements made to any Unit and considered an accession thereto as hereinbelow provided) which is subject to this Lease in good operating order and proper repair.

Any and all additions to any Unit and any and all parts installed on or replacements made to any Unit (other than any special devices, racks or assemblies at any time attached or affixed to any such Unit, the cost or purchase price of which is not included in the Purchase Price of such Unit and the title to which is in a person or entity other than the Lessor, the Lessee or the Trustee) shall be consid-

ered accessions to such Unit and, without cost or expense to the Lessor or the Trustee, there shall immediately be vested in the Lessor and the Trustee the same interests in such accessions as the interests of the Lessor and the Trustee in such Unit. The Lessee may make alterations or modifications to any Unit so long as they do not materially and adversely affect the value of such Unit. The Lessee shall not permit any special device, rack or assembly to be attached or affixed to any Unit which may not be removed within a reasonable period of time from such Unit and without materially impairing such Unit or the value thereof unless such special device, rack or assembly is to be considered an accession to such Unit.

The Lessee agrees to indemnify and save harmless the Lessor, the Beneficiary, the Trustee and the holders of the Trust Certificates from and against any charge or claim made against the Lessor, the Beneficiary or the Trustee and against any expense, loss or liability (including but not limited to strict or absolute liability imposed by statute, regulation or rule of law, counsel fees and expenses, patent liabilities, penalties and interest) which the Lessor, the Beneficiary, the Trustee or any holder of the Trust Certificates may incur in any manner arising out or by reason of the issuance of the Trust Certificates or arising out or by reason of entering into or performing or the occurrence of any Event of Default under the Equipment Trust Agreement, this Lease, any of the instruments or agreements referred to therein or herein or contemplated thereby or hereby or the ownership of, or which may arise in any manner out of or as the result of the ordering, acquisition, purchase, leasing, use, operation, condition, delivery, rejection, storage or return of any Unit (other than (i) losses for which the Lessee has indemnified the Lessor and/or the Beneficiary pursuant to § 5 hereof and Paragraph 6 of the Participation Agreement [as defined in § 18 hereof] or (ii) tax benefits or for impositions for which no indemnities have been provided for pursuant to § 5 hereof and Paragraph 6 of the Participation Agreement [as defined in § 18 hereof]) and to indemnify and save harmless the Lessor, the Beneficiary and the Trustee against any charge, claim, expense, loss or liability (including but not limited to strict or absolute liability imposed by statute or rule of law, counsel fees and expenses, penalties and interest) on account of any accident in connection with the operation, use, condition, possession, storage or return of any Unit resulting in damage to property, or injury to or death of any person. The indemnities contained in this paragraph arising from events occurring during the term of this Lease or any renewal thereof

shall survive payment of all other obligations under this Lease and the expiration or termination of this Lease.

The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of, and furnish a copy to, the Lessor) any and all reports required to be filed by the Lessor, or requested by the Lessor to be filed, with any federal, state or other regulatory authority by reason of the ownership by the Lessor of the Units, the security title of the Trustee to the Units or the leasing of the Units to the Lessee.

§ 9. Default. If, during the continuance of this Lease, one or more of the following events (herein sometimes called Events of Default) shall occur and be continuing:

A. default shall be made in the payment of any amount provided for in §§ 2, 6 or 12 hereof and such default shall continue for seven days; or

B. the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or any interest herein, or any unauthorized sublease or use of the Units, or any thereof; or

C. default shall be made in the observance or performance of any other of the covenants, conditions or agreements on the part of the Lessee contained herein or in the Consent (as defined in the Equipment Trust Agreement), or default shall be made in the payment of any amount provided for in Paragraph 6.6 of the Participation Agreement (as defined in § 18 hereof), and such default shall continue for 20 days after written notice from the Lessor or the Trustee to the Lessee specifying the default and demanding that the same be remedied; or

D. any proceeding shall be commenced by or against the Lessee for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease, under the Equipment Trust Agreement and under the Consent (as defined in the Equipment Trust

Agreement) shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

E. an Event of Default under the Equipment Trust Agreement shall have occurred arising out of (i) any default by the Lessee in performing any of its obligations hereunder or (ii) any breach by the Lessee of any representation made by it in the Purchase Agreement (as defined in the Equipment Trust Agreement) or pursuant thereto;

then, in any such case, the Lessor, at its option, may:

(a) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof including net after-tax losses of Federal and state income tax benefits to which the Lessor would otherwise be entitled under this Lease; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such num-

ber of days in such period to the date of termination and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, a sum, with respect to each Unit, which represents the excess of (x) the present value, at the time of such termination, of the entire unpaid balance of all rental for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over (y) the then present value of the rental which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 6% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated and (ii) any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of rental; or

(c) notwithstanding any termination pursuant to paragraph (b) above, sell the Units or any part thereof at public or private sale, as the Lessor may determine, free and clear of any rights of the Lessee or its successors or assigns and without any duty to account to the Lessee with respect to such sale or for the proceeds thereof (except to the extent required by paragraph (d) below if the Lessor elects to exercise its rights under said paragraph), in which event the Lessee's obligation to pay rental hereunder accruing after the date of such sale shall terminate (except to the extent that rental is to be included in computations under paragraph (d) or (e) below if the Lessor elects to exercise its rights under either of said paragraphs); or

(d) if the Lessor shall have sold the Units pursuant to paragraph (c) above, the Lessor, in lieu of exercising its rights under paragraph (b) above with respect to such Units, may, if it shall so elect, demand that the Lessee pay to the Lessor and the Lessee shall pay to the Lessor, as liquidated damages for loss of a bargain and not as a penalty, any unpaid rental for such Units for periods up to and including the end of the semiannual lease period next preceding the lease period in which such sale occurs, plus an amount equal

to the excess of (x) the sum of (A) the Casualty Value of such Units as of the last rental payment date for which rental was actually paid, plus (B) interest on such Casualty Value computed at the rate of 15% per annum for the period from such rental payment date to the date of payment of liquidated damages under this paragraph over (y) the proceeds from such sale; or

(e) if, within 60 days following the date of termination of this Lease pursuant to paragraph (b) above and notwithstanding such termination, and after the exercise by the Lessor during such period of its best efforts to sell the Units, the Lessor is unable to sell the Units, then the Lessor, in lieu of exercising its rights under paragraph (b) above with respect to such Units, may, if it shall so elect, demand that the Lessee pay to the Lessor and the Lessee shall pay to the Lessor, as liquidated damages for loss of a bargain and not as a penalty, any unpaid rental for such Units for periods up to and including the end of the semiannual lease period next preceding the lease period in which the close of such 60-day period occurs, plus an amount equal to the excess of (x) the sum of (A) the Casualty Value of such Units as of the last rental payment date for which rental was actually paid, plus (B) interest on such Casualty Value computed at the rate of 15% per annum for the period from such rental payment date to the date of payment of liquidated damages under this paragraph over (y) the fair market value of the Units.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make such payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the con-

tingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies and a waiver of any such right on one occasion shall not constitute a waiver of such right as to any other occasion and shall not be effective unless in writing signed by the Lessor.

§ 10. Return of Units upon Default. If this Lease shall terminate pursuant to § 9 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit returned to the Lessor pursuant to this § 10 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, (ii) have attached or affixed thereto any special device, rack or assembly considered an accession thereto as provided in § 8 hereof and have removed therefrom any special device, rack or assembly not so considered an accession thereto and (iii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner and at usual speed, cause such Units to be transported to such point or points as shall reasonably be designated by the Lessor, and

(b) arrange for the Lessor to store such Units on any lines of railroad or premises approved by the Lessor until such Units have been sold, leased or otherwise disposed of by the Lessor.

The assembling, delivery, storage, insurance and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to cause the assembly, delivery, storage and transporting of the Units. During any storage period, the Lessee will, at its own cost and expense, maintain and keep the units of Equipment in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any Unit, to inspect the same. In the event that the Units or any thereof are sold pursuant to the

exercise of the Trustee's remedies under the Equipment Trust Agreement, the Lessee shall pay to the Lessor the per diem interchange for such Unit which shall not have been assembled, delivered and stored, as hereinbefore provided, by the date of such sale for each day from the date of such sale to the date of delivery to the purchaser thereof.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 10, the Lessee hereby irrevocably appoints the Lessor as the agent and the attorney in fact of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Unit. In connection therewith the Lessee will supply the Lessor with such documents as the Lessor may reasonably request.

§ 11. Assignment; Possession and Use. This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. All the rights of the Lessor hereunder (including but not limited to the rights under §§ 5, 8 and 9 hereof) shall inure to the benefit of the Lessor's assigns as if named herein as Lessor. Whenever the term Lessor is used in this Lease it shall apply and refer to the Lessor and, where the context so requires, the Beneficiary and each assignee of the Lessor.

So long as no Event of Default exists hereunder and the Lessee shall have fully complied with the provisions of the fourth paragraph of this § 11 and Paragraph 6.3 of the Participation Agreement, the Lessee shall be entitled to the possession of the Units and also to sublease the Units to, or to permit their use under the terms of car contracts by, a railroad company incorporated in the United States of America (or any State thereof or the District of Columbia or Canada), upon lines of railroad owned or operated by such corporation or over which such corporation has trackage rights or rights for operation of their trains, and upon connecting and other carriers in the usual interchange of traffic in the continental United States, Canada and Mexico, but only upon and subject to all the terms and conditions of this Lease; provided, however, that if the Lessee subleases or permits the use of any Unit in Canada (or any Province or Territory thereof) or in Mexico (or any State or the Federal District thereof), the

Lessee shall, except as otherwise provided in §15 hereof, first have (a) taken all necessary action to protect the right, title and interest of the Lessor and the Trustee in the Units to be so subleased or used and (b) furnished the Lessor and the Trustee with an opinion of Canadian or Mexican counsel, as the case may be, satisfactory to the Lessor and the Trustee to the effect that such action is all that is necessary to protect the right, title and interest of the Lessor and the Trustee in such Units; and provided further, that any such sublease or use shall be consistent with the provisions of the Participation Agreement and the Lessee shall nevertheless remain liable under this Lease.

Any such sublease may provide that the sublessee, so long as it shall not be in default under such sublease, shall be entitled to the possession of the Units included in such sublease and the use thereof; provided, however, that every such sublease shall be subject to the rights and remedies of the Trustee under the Equipment Trust Agreement and the Lessor under this Lease in respect of the Units covered by such sublease.

The Lessee, at its own expense, will as soon as possible cause to be duly discharged any lien, charge, security interest or other encumbrance (except any sublease as aforesaid and other than an encumbrance resulting from claims against the Lessor or the Trustee not related to the ownership or leasing of, or the security title of the Trustee to, the Units) which may at any time be imposed on or with respect to any Unit including any accession thereto or the interest of the Lessor, the Trustee or the Lessee therein. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of this § 11.

§ 12. Renewal Option; Purchase Option; Return of Units upon Termination of Term. Provided that this Lease has not been earlier terminated, no Event of Default exists hereunder and the Lessee is not otherwise in default hereunder, the Lessee may, by written notice delivered to the Lessor not less than six months prior to the end of (i) the original term of this Lease in respect of subclause (a) hereof or (ii) the extended term hereof in respect of subclause (b) hereof, as the case may be, and not less than six months prior to the end of the original term of this Lease or the extended term

hereof, as the case may be, in respect of subclause (c) hereof, elect (a) to extend the term of this Lease in respect of all, but not fewer than all, the Units then covered by this Lease, for a two-year period commencing on the scheduled expiration of the original term of this Lease, at a rental payable in four semiannual payments, in arrears, payable on April 1 and October 1 in each year of the extended term, each in an amount equal to 50% of the rental payment set forth in the first paragraph of § 2 hereof, (b) if the Lessee extends the Lease pursuant to clause (a) hereof, to extend the term of this Lease in respect of all, but not fewer than all, of such Units then covered by this Lease for one additional five-year period, commencing on the scheduled expiration of such extended term, at a rental equal to the "Fair Rental Value" of such Units, payable in arrears in 10 semiannual payments on April 1 and October 1 of each year of such extended term and/or (c) to purchase all, but not less than all, the Units covered by this Lease at the end of such original term or any extended term of this Lease for a purchase price equal to the "Fair Market Value" of such Units as of the end of such original term or such extended term of this Lease.

Fair Rental Value shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's length transaction between an informed and willing lessee-user (other than a lessee-user currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such value.

Fair Market Value shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing buyer-user (other than (i) a lessee currently in possession or (ii) a used equipment dealer) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such value.

If on or before five months prior to the expiration of the term of this Lease or any extended term hereof, as the case may be, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Value or Fair Rental Value, as the case may be, of the Units, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser. The term Appraiser shall

mean such independent appraiser as the Lessor and the Lessee may mutually agree upon, or failing such agreement prior to the 90th day next preceding the expiration of the original term or extended term of this Lease, as the case may be, a panel of three independent appraisers, one of whom shall be selected by the Lessor, the second by the Lessee and the third by the first two so selected. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. Within 30 days thereafter the Lessee shall give to Lessor a binding notice of whether or not it elects to purchase or lease, as the case may be, the Units at the appraised value. The expenses and fee of the Appraiser shall be borne by the Lessee. With respect to the exercise of the option to purchase, upon payments of the purchase price, the Lessor shall upon request of the Lessee execute and deliver to the Lessee, or to the Lessee's assignee or nominee, a bill of sale for such Unit such as will transfer to the Lessee such title to such Unit as the Lessor and the Trustee derived from the Manufacturer free and clear of all liens, security interests and other encumbrances arising through the Lessor or the Trustee (without any other recourse, representations or warranties).

As soon as practicable on or after the termination of the original or any extended term of this Lease, and in any event not later than 90 days thereafter, the Lessee will, at its own cost and expense, at the request of the Lessor, cause each Unit to be transported to such point or points as shall be reasonably designated by the Lessor immediately prior to such termination and arrange for the Lessor to store such Unit on any lines of railroad or premises approved by the Lessor for a period not exceeding three months from the date such Unit is first placed in storage pursuant to this § 12; the assembly, delivery, storage and transporting of such Unit to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of such Unit, to inspect the same. The assembly, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to cause the assembly, delivery, storage and transporting of the Units. Each Unit returned to the Lessor pursuant to this § 12 shall (i) be in the same

operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, (ii) have attached or affixed thereto any special device, rack or assembly considered an accession thereto as provided in § 8 hereof and have removed therefrom any special device, rack or assembly not so considered an accession thereto and (iii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable.

§ 13. Provisions Concerning Subordinated Notes; Merger or Consolidation. It is the intention of the parties hereto that the obligations of the Lessee under this Lease shall be superior in right of payment to all the Lessee's Thirty Year Subordinated Notes sold pursuant to a Note Purchase Agreement dated as of January 1, 1967, between the Lessee and certain of its stockholders. The Lessee covenants and agrees that if an Event of Default exists hereunder or an Event of Default (as defined in the Equipment Trust Agreement) exists under the Equipment Trust Agreement or any event which, with the giving of notice or the lapse of time, or both, would constitute an Event of Default hereunder or under the Equipment Trust Agreement, shall have occurred and be continuing, the Lessee will not voluntarily prepay or retire any of such Notes.

The Lessee agrees not to merge or consolidate with any other corporation unless the survivor of such merger or consolidation shall be a solvent corporation organized under the laws of the United States of America or a State thereof or the District of Columbia and such survivor (if not the Lessee) shall assume, by an instrument in form and substance satisfactory to the Lessor and the Trustee, all the obligations and liabilities of the Lessee hereunder and under the Lessee's Consent and Agreement to the assignment hereof to the Trustee.

§ 14. Increase of User Rates. The Lessee covenants and agrees (i) that, if an Event of Default exists under clause A of § 9 hereof by reason of the failure of the Lessee to pay to the Trustee within the grace period provided in clause A of § 9 hereof all or any part of the rentals due and payable under § 2 hereof, the Lessee will, upon written notice by the Lessor so to do, within ten days after receipt of such notice, deliver to all parties to its Form A and Form B car contracts (or such other Forms as may hereafter be used in substitution or in replacement of such Form A and Form B car contracts) due and proper notice of increases in the car

user charges under such contracts, (ii) that all car contracts covering any unit or units of railroad equipment of which the Lessee is the owner or the lessee will contain provisions permitting the Lessee to require such increases and (iii) that, except in connection with an assignment or transfer in accordance with the provisions of the Equipment Trust Agreement, the Lessee will not assign or transfer its rights and obligations to require such increases under any such car contracts. Such increases shall commence to accrue and shall be effective on the first day of the first calendar month beginning subsequent to ten days after delivery of such notice by the Lessee to the parties to such car contracts. Such increases shall be in such amounts or percentages as will cause to accrue and be payable to the account of the Lessee in respect of the first calendar month during which they are in effect such additional sums of money as will be needed by the Lessee to enable it to pay as rental hereunder an amount equal to such rental due and payable under § 2 hereof (with interest on overdue Rental at the Overdue Rate [as defined in § 16 hereof], from the date such rental is due until the date it is paid, to the extent that it shall be legally enforceable) and to cure any defaults in payment of any principal or interest (or rentals intended to provide for payment thereof) payable under comparable provisions of any other equipment trust, conditional sale or other equipment agreement or lease of the Lessee not guaranteed jointly and severally by its shareholders or a group of its shareholders (except defaults arising by reason of acceleration of the date of payment of instalments of principal, dividends or interest, or rentals intended to provide for payment thereof), whether heretofore or hereafter entered into, based upon the most recent records or information available to the Lessee relating to the use of its cars. If for any reason any such increases so made by the Lessee shall fail to provide in 90 days sufficient cash to enable the Lessee to cure such default or defaults hereunder and under any other such agreements, or if cash is provided but is not for any reason applied to cure such defaults, the Lessee will, upon receipt of written notice from the Lessor so to do, promptly make such further increases in its user charges as may from time to time be necessary to enable the Lessee to cure all such defaults hereunder and under such other agreements.

§ 15. Recording and Expenses. Prior to the delivery and acceptance of any Unit hereunder, the Lessee will, at its own expense, cause this Lease, any supplement relating to such Unit, any assignments hereof and thereof, the Manufacturing Agreement, any supplement thereto relating

to such Unit and the Equipment Trust Agreement to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. The Lessee will undertake the filing and recording required under the Equipment Trust Agreement and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record and deposit (and will refile, reregister, rerecord or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Trustee (except as otherwise provided in the Equipment Trust Agreement) for the purpose of proper protection, to the satisfaction of the Lessor and the Trustee, of the Lessor's and the Trustee's respective interests in the Units, or for the purpose of carrying out the intention of this Lease and the Equipment Trust Agreement; provided, however, that the Lessee shall not be required to take any such action in respect of any jurisdiction outside the United States if (1) the Lessee deems such action to be unduly burdensome, (2) after giving effect to the failure to take such action, the Lessee has taken all action required by law to protect the title of the Lessor and the Trustee to Units having a Fair Value of not less than 85% of the aggregate Fair Value of all the Units then subject to this Lease (such Fair Value to be determined in the manner provided in the Equipment Trust Agreement), and (3) any Unit at any time located in such jurisdiction shall have been marked with the markings specified in § 4 hereof.

The Lessee will promptly furnish to the Lessor and the Trustee evidence of all such filing, registering, recording, depositing, refiling, reregistering, rerecording and/or redepositing and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Lessor and the Trustee.

§ 16. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay also an amount equal to interest at the rate of 16% per annum, compounded semiannually, on the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable (herein called the Overdue Rate).

§ 17. Notices. Any notice required or permitted to be given by either party hereto to the other shall be

deemed to have been given when deposited in the United States mails, postage prepaid, addressed as follows:

If to the Lessor, at P. O. Drawer 4625, Atlanta, Georgia 30302, Attention of Corporate Trust Department (with a copy to Ford Motor Credit Company, P. O. Box 1729, Dearborn, Michigan 48121, attention of Vice President, CIR Financing and to Itel Leasing Corporation, One Embarcadero Center, San Francisco, California 94111, attention of Contract Administration Department);

If to the Lessee, at 300 South Wacker Drive, Chicago, Illinois 60606, Attention of Vice President-Finance and Treasurer;

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing. Any certificate, document or report required to be furnished by either party hereto to the other party shall be delivered to the address set forth above or furnished by such party.

§ 18. Severability; Effect and Modification of Lease. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the Units and supersedes all other agreements, oral or written, with respect to the Units, other than the Participation Agreement dated as of the date hereof among the Lessee, the Beneficiary and the Owner-Trustee (herein called the Participation Agreement), the Equipment Trust Agreement, any agreement providing for the original purchase of the Trust Certificates and the Manufacturing Agreement. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Lessor and the Lessee. A copy of the Participation Agreement is attached as Exhibit C to the Equipment Trust Agreement, a copy of which has been filed pursuant to Section 20c of the Interstate Commerce Act.

§ 19. Execution. This Lease may be executed in several counterparts, such counterparts together constitut-

ing but one and the same instrument but the counterpart delivered to the Trustee shall be deemed to be the original counterpart. Although this Lease is dated as of the date first set forth above, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

§ 20. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Illinois; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act and such additional rights arising out of the filing, recording or depositing hereof and of any assignment hereof or out of the marking on the Units as shall be conferred by the laws of the several jurisdictions in which this Lease or any assignment hereof shall be filed, recorded or deposited or in which any Unit may be located.

§ 21. Additional Rentals. In the event that the Lessor shall become obligated to make any payment (other than payments in settlement for Equipment whether by advance rental or otherwise pursuant to the Equipment Trust Agreement) or to perform any other obligations pursuant to the Equipment Trust Agreement, including, but not limited to, clauses (a) and (b) of the first paragraph of Section 5.04 thereof, not covered by the provisions of this Lease, the Lessee shall pay such additional amounts to the Trustee and perform such obligations so that the Lessor's obligations (other than payments in settlement for Equipment whether by advance rental or otherwise pursuant to the Equipment Trust Agreement) pursuant to the Equipment Trust Agreement shall be fully complied with, without regard for any limitation of liability of the Lessor contained in the Equipment Trust Agreement.

§ 22. No Recourse. No recourse shall be had in respect of any obligation due under this Lease, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the Lessor or the Lessee, or against the Beneficiary or any other beneficiary of a trust for which the Lessor is acting as trustee, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of incorporators, stockholders, directors, officers, as such,

or beneficiaries being forever released as a condition of and as consideration for the execution of this Lease.

§ 23. Agreements for Benefit of Beneficiary. All rights of the Lessor hereunder (including, but not limited to, its rights under §§ 5, 6, 8 and 9 and the right to receive the rentals payable under this Lease) shall inure to the benefit of the Beneficiary and any of the Beneficiary's assigns under the Trust Agreement.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused this instrument to be duly executed as of the date first above written.

TRUST COMPANY BANK, as Trustee,

by

R. M. Deek
Authorized Officer

[CORPORATE SEAL]

Attest:

Donaldson
Authorized Officer

TRAILER TRAIN COMPANY,

by

Vice President-Finance
and Treasurer

[CORPORATE SEAL]

Attest:

Assistant Secretary

STATE OF GEORGIA,)
) ss.:
COUNTY OF FULTON,)

On this 27th day of March 1975, before me personally appeared R. M. Belk, to me being personally known, who, being by me duly sworn, says that he is an Authorized Officer of TRUST COMPANY BANK, that one of the seals affixed to the foregoing instrument is the corporate seal of said bank, that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

Barbara Smith
Notary Public

[Notarial Seal]

My Commission expires

Notary Public, Georgia, State at Large
My Commission Expires Feb. 2, 1978

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this day of 1975, before me personally appeared N. V. REICHERT, to me personally known, who, being by me duly sworn, says that he is the Vice President-Finance and Treasurer of TRAILER TRAIN COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission expires

SCHEDULE A

<u>Type</u>	<u>AAR Mechanical Designation</u>	<u>Quantity</u>	<u>Lessee's Car Numbers (Inclusive)</u>
89 ft. 4 in. 70-ton capacity hydraulic draft gear standard level all purpose flat car	FC	175	973626-973800
89 ft. 4 in. 70-ton capacity hydraulic draft gear low level flat car	FC	4	850495-850498
89 ft. 4 in. 70-ton capacity standard gear standard level flat car equipped with hitches	FC	104	255684-255787

Total 283